



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I**  
**OFFICE OF THE DIRECTOR**  
**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the**  
**House Committee on Finance**  
**Tuesday, April 4, 2023**  
**3:00 p.m.**  
**Conference Room 308**

**On the following measure:**  
**S.B. 764 S.D. 1 H.D. 2, RELATING TO AFFORDABLE HOUSING**

Chair Yamashita and Members of the Committee:

My name is Nadine Ando and I am the Director for the Department of Commerce and Consumer Affairs (Department). The Department appreciates the amendments made in the H.D.2 and supports this bill with a minor proposed amendment.

The purposes of this bill are to: (1) allows a bank to invest, in aggregate, up to fifteen per cent of the bank's assets in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing residential properties with the approval of the commissioner of financial institutions; (2) authorize a bank to apply to the commissioner of financial institutions to invest up to twenty per cent of the bank's assets for pre-approval or after-the-fact notification.

The Department fully supports the intent of the bill to encourage financing of low-income residential housing projects and notes that the department has in the past approved all requests for investment in low income housing projects requested by our banks. The Department proposes one amendment on page 11, line 17 to change the

word “with” to “without” the prior approval of the commissioner. The commissioner has approved banks’ requests to invest in accordance with the federal regulation of up to 15% of capital and surplus.

Thank you for the opportunity to provide a proposed amendment and comments on this bill.



Hunt Development Group, LLC  
737 Bishop Street, Suite 2750  
Honolulu, Hawai'i 96813  
Office: 808-585-7900

Representative Kyle Yamashita, Chair  
Representative Lisa Kitagawa, Vice Chair  
Committee on Finance

Tuesday, April 4, 2023; 3:00 P.M.; Agenda #1  
Conference Room 308 & Videoconference

**RE: SB 764 SD1 HD2 – Relating to Affordable Housing – IN SUPPORT**

Aloha Chair Yamashita, Vice Chair Kitagawa and members of the committee:

Hunt Development Group, LLC and Hunt Capital Partners, LLC appreciate the opportunity to submit testimony in strong support of SB 764 SD1 HD2.

Hunt Capital Partners, LLC is a syndicator of federal and state low-income housing, historic and solar tax credits, raising over \$3 billion since its inception in 2010. Hunt Capital Partners, LLC has helped finance 19 developments in Hawaii, providing over 1,300 affordable homes since 2011.

We support any and all actions that would increase the ability of Hawaii banks to invest in low-income housing tax credits to support more affordable housing in the state.

We ask for your favorable consideration in passing this measure.

Steven W. Colón  
President – Hawaii Region  
Hunt Development Group, LLC

Jeff Weiss  
President  
Hunt Capital Partners, LLC

Representative Kyle Yamashita, Chair  
Representative Lisa Kitagawa, Vice Chair  
Committee on Finance

**RE: SB 764 SD1 HD2 Relating to Affordable Housing – In Support, Request Amendments  
April 4, 2023; 3:00 P.M.; Conference Room 308; Agenda #1**

Aloha Chair Yamashita, Vice Chair Kitagawa and members of the committee:

Central Pacific Bank ("CPB") submits this testimony in strong support of SB 764 SD1 HD2, the purpose of this bill being to permit banks to provide greater support to affordable rental housing in Hawaii by increasing the State limit applicable to banks investing in low income housing tax credit ("LIHTC") developments.

CPB proposes this bill be amended as follows:

*(1) to permit a bank to invest, in aggregate, up to fifteen percent (15%) of the bank's capital and surplus in LIHTC, without approval of or notice to the commissioner of financial institutions;*

*(2) to permit a bank to invest, in aggregate, up to twenty percent (20%) of the bank's capital and surplus in LIHTC, with either the approval of or notice to the commissioner of financial institutions; and*

*(3) to not require a bank to obtain any approval of or provide notice to the commissioner of financial institutions for any individual LIHTC investment.*

CPB needs the passage of this bill to further support LIHTC. Other banks may not need this bill as they either do not invest in LIHTC or have a larger LIHTC investment limit based on their capital and surplus.

CPB notes the Federal Deposit Insurance Corporation ("FDIC") permits its regulated banks to invest up to 2% of the bank's total assets in LIHTC investments without any approval of or notice to the FDIC. The foregoing bill amendments proposed by CPB would result in a lower aggregate LIHTC investment limit than the FDIC's aggregate LIHTC investment limit.

Safety and soundness are not compromised for the following reasons. The commissioner of financial institutions and the FDIC exercise strong oversight of banks. The commissioner and FDIC examine CPB annually to ensure CPB operates in a safe and sound manner, which examinations include a review of CPB's LIHTC investments. If the commissioner or FDIC were to have any concern over CPB's LIHTC investments or respecting any of CPB's other activities, the commissioner and FDIC have within their supervisory authority and under State and Federal laws and regulations, the authority to

limit, restrict or prohibit CPB's LIHTC investments. CPB maintains strong investment protocols, to include rigorous due diligence and reviews of proposed LIHTC investments by internal committees, pursuant to established policies and procedures. For CPB invested LIHTCs, CPB conducts regular monitoring. CPB has not in its long history of investing in LIHTCs taken any loss and all its LIHTC investments have performed. CPB has total loans of \$5.5 billion, total investment securities of \$1.3 billion and total assets of \$7.4 billion. Accordingly, with the bill's passage and increase in LIHTC investment limit, CPB's increase in LIHTC limit would not present any additional significant risk to CPB. CPB must and does, per State and FDIC laws and regulations, maintain safe and sound loan and investment criteria, policies, procedures and practices, which include internal executive and committee level reviews and monitoring, all of which is audited by independent auditors both internal and external, which is overseen by an independent Board of Directors, and which are annually examined by the commissioner and FDIC.

CPB asks for your favorable consideration in passing this bill with our proposed amendments. CPB was founded nearly 70 years ago on serving the underserved and there is great and growing need for low income and affordable housing funded by LIHTC investments.

Thank you for your time and attention to this important bill that will allow banks to make more LIHTC investments in low income and affordable rental housing.

Arnold Martines  
President & Chief Executive Officer  
Central Pacific Bank



CATHOLIC CHARITIES HAWAI'I

**TESTIMONY IN SUPPORT OF SB 764, SD1 HD2:  
RELATING TO AFFORDABLE HOUSING**

TO: House Committee on Finance

FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i

**Hearing: Tuesday, April 4, 2023; 3:00 PM; CR 308 & via videoconference**

Chair Yamashita, Vice Chair Kitagawa, and Members, Committee on Finance:

Thank you for the opportunity to provide testimony **in Support of SB 764, SD1, HD2**, which increases the amount a bank can invest, to up to 15% - 20% of the bank's capital and surplus in limited partnerships, limited liability partnerships, and corporations formed to invest in residential properties that qualify for the federal Low Income Housing Tax Credit. I am Rob Van Tassell, with Catholic Charities Hawai'i.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 70 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

Hawaii's developers are ready to build affordable rentals for our struggling families and elders. The Hawaii Housing Finance and Development Corporation (HHFDC) receives many more applications than they can fund to build new rentals. More resources are needed to create the affordable rental projects that Hawai'i so desperately needs.

Catholic Charities Hawai'i supports this bill since it will enable banks to make more funds available for affordable housing projects. Currently banks are limited to 10 percent of their total capital. If increased to the proposed 15% percent of their own assets, the amounts available for affordable housing would increase exponentially. Authorizing a bank to apply to the Commissioner of Financial Institutions for approval to invest up to 20% of their own assets in affordable housing, would provide some oversight for this higher amount.

We must seek new and creative ways to fund the massive construction needed to provide sufficient inventory to meet the needs of our residents. We urge your support of this bill as one more tool the State can use to create more affordable housing.

Please contact our Legislative Liaison, Betty Lou Larson at (808) 527-4813 if you have any questions.

April 4, 2023

Dear Chair Yamashita, Vice Chair Kitagawa, and members of the Finance Committee,

Housing Hawai'i's Future is a movement led by young locals who will create opportunities for Hawai'i's next generation by ending the workforce housing shortage.

On behalf of Housing Hawai'i's Future, **I write in SUPPORT of SB 764**, allowing banks to invest, in aggregate, up to fifteen per cent of their assets in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing residential properties

One of the rate limiting factors for new construction and rehabilitation of affordable housing units is access to capital.

SB764 increases the available supply of capital.

**Please support SB 764.**

Thank you,



Sterling Higa  
Executive Director  
Housing Hawai'i's Future

[sterling@hawaiisfuture.org](mailto:sterling@hawaiisfuture.org)

+1 (808) 782-7868

*Expanding the range of opportunities for all by  
developing, managing and promoting quality  
affordable housing and diverse communities.*



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Testimony of EAH Housing | Hawaii Region  
RELATING TO SB764 SD1 HD2

April 04, 2023 at 3:00 PM  
Written Testimony Only

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**House Committee on Finance**

Chair Kyle Yamashita, Vice Chair Lisa Kitagawa,  
Members Micah Aiu, Cory Chun, Elle Cochran, Andrew Takuya Garrett  
Kirstin Kahaloa, Darius Kila, Bertrand Kobayashi, Rachele Lamosao  
Dee Morikawa, Scott Nishimoto, Mahina Poepoe, Jenna Takenouchi  
David Alcos III, and Gene Ward

**Strong Support**

The change to HRS §412:5-305 (h) specified in SB764 SD1 HD2 allows a bank to invest, in aggregate, up to fifteen per cent of the bank's capital and surplus in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing residential properties and requires approval from the commissioner of financial institutions to exceed this amount.

Without the continued lending support of local banks, LIHTC development in Hawaii will be unnecessarily constrained in addressing the soaring demand for affordable rental housing.

Thank you for the opportunity to provide input and we ask for your favorable consideration in passing SB764 SD1 HD2.

A handwritten signature in black ink that reads "Karen Seddon". The signature is written in a cursive, flowing style.

Karen Seddon, Regional Vice President  
EAH Housing

EAH Housing is a non-profit corporation founded with the belief that attractive affordable rental housing is the cornerstone to sustainable, healthy, and livable communities.

1001 Bishop Street, Suite 2880  
Honolulu, Hawaii 96813  
(808) 466-7774





April 3, 2023

Representative Kyle Yamashita, Chair  
Representative Lisa Kitagawa, Vice Chair  
Members of the Committee on Finance

RE: **SB 764 SD1 HD2 – RELATING TO AFFORDABLE HOUSING**  
**Hearing date – April 4, 2023 at 3:00 p.m.**

Aloha Chair Yamashita, Vice Chair Kitagawa and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony in **SUPPORT OF SB 764 SD1 HD2 – RELATING TO AFFORDABLE HOUSING**. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals.

Hawaii is in a housing crisis. In 2019, a study commissioned by DBEDT found that Hawaii will need an additional 50,156 homes by 2025. In order to meet this projection housing units will need to be developed in mass quantities. The affordable housing credit program seeks to assist in accomplishing this goal.

Furthermore, purchasing a home has become increasingly more difficult for local residents. Interest rates for 30 years fixed residential mortgages have significantly risen from 3.07% to 6.90% within the past 2 years representing a near 150% increase. This has led to a dramatic increase in monthly costs of owning a home in Hawaii. Moreover, the recent increases in interest rates have decreased the sales prices of income specified units built under HRS 201H due to the AMI price limitations. In conjunction, construction loan interest rates have increased from .05% to 3.81% representing a nearly seventy-five-fold increase which dramatically increase the costs of building residential units. The rising construction costs combined with the dramatic drop in sales prices due to AMI limitations has limited the feasibility of affordable housing projects.

In addition, Hawaii has the most unaffordable rent in the nation with the annual cost reaching \$30,000 compared to annual salaries of \$60,000. Per a 2021 study by NiceRx the average cost of rent in Hawaii was \$29,772 with residents spending about 49.3% of their income on rent, well above the 30% guideline. Those residents earning below 80% of AMI are unable to secure affordable housing and are forced to move outside of Hawaii.

Representative Kyle Yamashita, Chair  
Representative Lisa Kitagawa, Vice Chair  
Members of the Committee on Finance  
April 3, 2023  
Page 2

NAIOP Hawaii is concerned that development of affordable housing projects may cease if policies are not implemented which provide a source of capital and offset some of these rising costs, which would further strain the local's ability to continue to make Hawaii their home.

SB 764 HD1 has been revised to allow a bank to invest, in aggregate, up to 15% of the bank's capital and surplus without the approval of the Commissioner of Financial Institutions, and authorizes a bank to apply to the Commissioner of Financial Institutions for approval for the bank to invest up to 20%, in aggregate, of the bank's capital and surplus and specifying that the application shall be deemed approved if the Commissioner does not render a decision within twenty days.

NAIOP Hawaii is appreciative of the amendments made to the measure which would help to resolve some of these issues by increasing the capital available for affordable housing projects. The bill would allow a bank to invest a higher amount of banks total capital and surplus would allow the commissioner of financial institutions to approve a higher investment amount. This bill increases the LIHTC investment limit for local banks to a level already permitted by the federal government. It is anticipated that the amount of capital available from local banks for investment in affordable housing would significantly increase and in some instances double. Without the lending support of local banks, LIHTC development in Hawaii is unnecessarily limited and hinders the development of affordable housing.

Accordingly, NAIOP Hawaii strongly supports SB 764 SD HD1 which will ensure the continued production of homes for locals.

Mahalo for your consideration,



Jennifer Camp, President  
NAIOP Hawaii



April 3, 2023

**Committee:** House Committee on Finance  
**Bill Number:** SB 764 SD1, HD2, Relating to Affordable Housing  
**Hearing Date and Time:** April 4, 2023, 3:00pm  
**Re:** Testimony of HPM Building Supply in support

Dear Chair Yamashita, Vice Chair Kitagawa, and members of the Committee,

I am writing to express my strong support for SB 764 SD1 HD2 which allows a bank to invest, in aggregate, up to fifteen per cent of the bank's total assets in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing residential properties and requires approval from the commissioner of financial institutions for up to twenty per cent of the bank's assets.

HPM Building Supply is a 100% employee-owned company serving Hawaii's home improvement market and building industry for over 100 years since 1921. With 17 locations across Hawaii and Washington State, we offer various services and products, including retail stores, building supply and lumber yards, Home Design Centers, drafting, design, roofing, and manufacturing facilities. HPM is dedicated to enhancing homes, improving lives, and transforming communities. The company is guided by its core values of Heart, Character, and Growth, striving to provide top-quality products and exceptional customer service. HPM has earned recognition as a leader in the industry for its products, services, and commitment to its community.

SB 764 SD1 HD2 represents a significant opportunity for financial institutions to play a role in addressing the shortage of affordable housing in Hawaii. The bill will allow these institutions to support construction of affordable housing, which will positively impact the lives of many families and individuals struggling to find affordable places to live.

The Low Income Housing Tax Credit (LIHTC) program, enables developers to provide affordable rental housing to local families and kupuna. LIHTC provides long-term, subsidized, rent-restricted housing for low-income households with incomes up to 80% of the area median income (AMI). The program provides a dollar-for-dollar reduction in federal income tax liability for developers, leveraging federal subsidies for Hawaii. The program also supports jobs in Hawaii, as LIHTC projects are built by local union laborers, including plumbers, steamfitters, and metal workers.

Currently, local banks are limited by Hawaii law in investing in LIHTCs. This bill increases the LIHTC investment limit for local banks to a level already permitted by the federal government, enabling more investment in LIHTC projects. LIHTC is the federal government's primary program for encouraging private investment in the development of affordable rental housing for low-income households and has successfully attracted private dollars to create affordable housing.

In the past couple of years, we have seen an increase in demand for subsidized rental housing, and the demand for investment in LIHTC projects has expanded. There have been LIHTC projects on all islands, including over 10 projects on the Island of Hawaii, 4 projects on Kauai, 12 projects on Maui, and 17 projects throughout Oahu.

We respectfully request your favorable consideration of SB 764 SD1 HD2 and support for this critical measure. The bill will allow local banks to invest in LIHTC projects and support the creation of more affordable housing for our communities.

Sincerely,

Jason Fujimoto  
President & CEO





April 4, 2023

TO: HONORABLE KYLE YAMASHITA, CHAIR, HONORABLE LISA KITAGAWA, VICE CHAIR, COMMITTEE ON FINANCE

SUBJECT: **SUPPORT OF S.B. 764 SD1 HD2, RELATING TO AFFORDABLE HOUSING.** Allows a bank to invest, in aggregate, up to fifteen per cent of the bank's assets in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing residential properties with the approval of the commissioner of financial institutions. Authorizes a bank to apply to the commissioner to invest up to twenty per cent of the bank's assets. Specifies the circumstances in which a bank may make an investment with an after-the-fact notice and when a bank must submit an investment proposal to the commissioner.

HEARING

DATE: Tuesday, April 4, 2023  
TIME: 3:00 p.m.  
PLACE: Capitol Room 308

Dear Chair Yamashita, Vice Chair Kitagawa and Members of the Committee,

The General Contractors Association of Hawaii (GCA) is an organization comprised of approximately five hundred (500) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. Our mission is to elevate Hawaii's construction industry and strengthen the foundation of our community.

GCA is in **support** of S.B. 764 SD1 HD2, which allows a bank to invest, in aggregate, up to fifteen per cent of the bank's assets in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing residential properties with the approval of the commissioner of financial institutions. Authorizes a bank to apply to the commissioner to invest up to twenty per cent of the bank's assets. Specifies the circumstances in which a bank may make an investment with an after-the-fact notice and when a bank must submit an investment proposal to the commissioner..

The State of Hawaii is in a housing shortage crisis. A 2019 study commissioned by DBEDT noted that the State will need an additional 50K new housing units by year 2025 (Oahu needing 22K new housing units, Hawaii Island needing 13K new housing units, Maui County needing 10K new housing units, Kauai needing 4K new housing units). Over 60% of the new housing units need is for residents at or below 80% of Area Median Income (AMI) in Hawaii.

LIHTC provides long-term (60+ yrs) subsidized, rent restricted housing for our local families and kapuna. LIHTC provides a dollar-for-dollar reduction in federal income tax liability for developers of rental housing serving low-income households with incomes up to 80% of AMI.



**GENERAL  
CONTRACTORS  
ASSOCIATION  
OF HAWAII**

LIHTC projects use over \$300MM federally secured bonds, annually. These federal monies are used to invest in Hawaii annually. Federal tax credits provide up to 30% of the costs of a LIHTC project, leveraging federal subsidies for Hawaii. Various other funds support LIHTCs all of which enable developers to pursue LIHTC projects (HOME Investment Partnership, Community Development Block Grant (CDBG), Affordable Housing Program of the Federal Loan Banks, National Trust Fund, Rental Housing Revolving Fund (RHRF)).

This bill increases the LIHTC investment limit for local banks to a level already permitted by the federal government. Without the lending support of local banks, LIHTC development in Hawaii is unnecessarily limited.

Thank you for the opportunity to testify in support of this measure.

QUALITY PEOPLE. QUALITY PROJECTS



# holomua

COLLABORATIVE

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## OUR MISSION

To support and advance public policies that make Hawai'i affordable for all working families.

## OUR VISION

Collaborative, sustainable, and evidence-based public policies that create a diverse and sustainable Hawai'i economy, an abundance of quality job opportunities, and a future where all working families living in Hawai'i can thrive.

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## BOARD MEMBERS

Jason Fujimoto  
Meli James, *Board Chair*  
Micah Kāne  
Brandon Kurisu  
Mike Mohr  
Brad Nicolai  
Mike Pietsch

## ADVISORY COMMITTEE

Josh Feldman  
Brittany Heyd  
Alicia Moy  
Ed Schultz

Josh Wisch  
*President & Executive Director*

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HolomuaCollaborative.org

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Page 1 of 2

**Committee:** House Committee on Finance  
**Bill Number:** SB 764, SD1, HD2 - Relating to Affordable Housing  
**Hearing Date and Time:** April 4, 2023 at 3:00pm (Room 308)  
**Re:** Testimony of Holomua Collaborative in support

Aloha Chair Yamashita, Vice Chair Kitagawa, and Committee Members:

We write in support of SB 764, SD1, HD2, Relating to Affordable Housing. This bill will allow local financial institutions greater ability to take advantage of the Low-Income Housing Tax Credit (LIHTC) Program so they can finance more affordable housing for local working families. These actions will positively impact the lives of many families and individuals struggling to find affordable places to live.

To further the intent of this bill, we agree with the proposed amendments from Central Pacific Bank:

- To permit a bank to invest, in aggregate, up to fifteen percent (15%) of the bank's capital and surplus in LIHTC, without the approval of or notice to the commissioner of financial institutions;
- To permit a bank to invest, in aggregate, up to twenty percent (20%) of the bank's capital and surplus in LIHTC, with either the approval of or notice to the commissioner of financial institutions; and
- To not require a bank to obtain any approval of or provide notice to the commissioner of financial institutions for any individual LIHTC investment.

Holomua Collaborative's mission is to support and advance public policies that make Hawai'i affordable for all working families. Providing housing that working families can afford is a central part of making this possible. For families from a variety of income levels, housing is simply out of reach for too many people in Hawai'i. The median middle class mean household income in 2019 in Hawai'i was just under \$67,000.<sup>1</sup> As of January 2023, the median price of a single family home on O'ahu was \$970,000.<sup>2</sup> The situation is not much better for renters. As of late last year, Honolulu was the third most expensive place to rent in the country, with the median rent for a two-bedroom unit coming out to about \$2,500 per month.<sup>3</sup> On Maui, rent prices spiked over the first few months last year, with Maui seeing a 41% surge in asking prices

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<sup>1</sup> See <https://holomuacollaborative.org/resources/> ("Middle Class" households in Hawai'i are identified as those with income ranging from 2/3 to double the state median household income, following the Pew Research Center's methodology in "[America's Shrinking Middle Class \(2016\)](#).)

<sup>2</sup> See "Honolulu real estate prices normalizing after pandemic frenzy," Hawai'i News Now, February 12, 2023 (<https://www.hawaiinewsnow.com/2023/02/12/honolulu-real-estate-prices-normalizing-after-pandemic-frenzy/>).

<sup>3</sup> See "As Housing prices soar, Honolulu becomes the third most expensive place to rent in the country," Hawai'i News Now, August 2, 2022 (<https://www.hawaiinewsnow.com/2022/08/03/analysis-honolulu-is-now-nations-third-most-expensive-place-rent/>).

compared with the same time last year, according to a report from University of Hawai'i Economic Research Organization.<sup>4</sup> The numbers simply do not pencil out for local families to be able to pay for housing, whether they rent or own.

This is where the LIHTC Program comes in. It is a financing tool for private developers and non-profit entities to construct or rehabilitate affordable rental units. Federal and state tax credits are awarded by the Hawai'i Housing Finance and Development Corporation (HHFDC) and may be used to obtain a dollar for dollar reduction in income tax liability for 10 years for federal tax credits and 5 years for state tax credits.

The LIHTC tax credit is available only for units rented to low-income occupants. This means that a project must have: (1) at least 20% of its units rented to households with incomes of 50% or less of area median income; *or* (2) at least 40% of the units must be rented to households with incomes of 60% or less of area median income. Low-income rents are restricted based on the number of bedrooms in the unit and the area median income as established annually by the office of Housing and Urban Development (HUD). If the tenant pays for utilities, the rent must be adjusted by the applicable utility allowance.

While the program has proven successful, the ability of banks to participate is too limited. Currently, Hawai'i law prohibits a bank from aggregate investments in LIHTCs exceeding 10% of a bank's capital and surplus. This bill's increase of the LIHTC investment limit for local banks to 15% - with the ability to increase to 20% with the approval of the commissioner of financial institutions - will enable more investment in LIHTC projects, which will enable the construction of more affordable housing.

We are pleased to support this bill and appreciate the opportunity to testify.

Sincerely,



Josh Wisch  
President & Executive Director

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<sup>4</sup> "Report shows rent prices spiked 41% on Maui; residents worry about finding a place," May 12, 2022 in Maui Now (<https://mauinow.com/2022/05/12/report-show-rent-prices-spiked-41-on-maui-residents-worry-about-finding-a-place/>).

Ahe Group  
157 Makawao Street  
Honolulu, Hawaii 96734

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Testimony in Support of SB764 SD1 HD2, Related to Affordable Housing

House Committee on Finance  
Hawaii State Capitol, Conference Room 308  
April 4, 2023

SB764 SD1 HD1 allows banks to invest, in aggregate, up to 15 percent of the bank's capital and surplus in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in residential properties that qualify for the low income housing tax credit program under section 42 of the Internal Revenue Code. Banks may also apply to the Commissioner of Financial institutions for authorization to allow the aggregate amount invested to support investment in affordable housing undertaken through the low income housing tax credit program to be no more than 20 percent of a bank's capital and surplus. We are in strong support of this measure.

Since its founding in 2014 the Ahe Group has been engaged in the development of new affordable housing projects and the preservation and enhancement of existing affordable housing throughout Hawaii. The low income housing tax credit program has been an indispensable tool to finance our affordable housing projects, and local financial institutions vital partners in providing interim and permanent financing.

SB764 will provide local banks with greater capacity to invest in projects assisted through the low income housing tax credit program which will help local developers like the Ahe Group meet our community's need for more affordable housing. We therefore encourage your favorable consideration of SB764 SD1 HD2.



Makani Maeva  
Managing Director





TITLE GUARANTY  
HAWAII

April 3, 2023

**Committee:** House Committee on Finance  
**Bill Number:** SB 764, SD1, HD2, Relating to Affordable Housing  
**Hearing Date & Time:** Tuesday, April 4, 2023 at 3:00pm (Room 308)  
**Re:** Testimony of Title Guaranty of Hawai'i in support

Aloha Chair Yamashita, Vice Chair Kitagawa, and Committee Members:

We write in support of SB 764, SD1, HD2, Relating to Affordable Housing. The purpose of SB 764 is to allow a bank to invest in residential properties that will qualify for the low-income housing tax credit (LIHTC).

Title Guaranty of Hawai'i is the state's oldest and largest title company. We have been owned and operated by a kama'aina family since 1896, and we are proud to employ over 300 people who work in our branches all across the state. Being a longtime employer of so many people in Hawai'i, we know how important it is for all working families to have access to affordable living. The LIHTC program aids local banks with greater capacity to invest in projects assisted through the low-income housing tax credit program which will help local developers meet the community's need for more affordable housing.

We support SB 764 and appreciate the opportunity to testify.

Sincerely,

Mike B. Pietsch  
President and Chief Operating Officer  
Title Guaranty of Hawai'i





**Testimony to  
The Committee on Finance**

**Tuesday, April 4, 2023**

**3:00 PM**

**Conference Room 308 & VIA videoconference  
Hawaii State Capitol**

**SB 764 SD1, HD2**

Chair Yamashita, Vice Chair Kitagawa, and members of the committee,

Hawaii Gas **supports SB 764 SD1, HD2**, which allows a bank to invest, in aggregate, up to fifteen per cent of the bank's assets in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing residential properties with the approval of the commissioner of financial institutions. Authorizes a bank to apply to the commissioner to invest up to twenty per cent of the bank's assets. Specifies the circumstances in which a bank may make an investment with an after-the-fact notice and when a bank must submit an investment proposal to the commissioner.

Hawaii Gas recognizes that Hawaii's housing – both homes to rent and purchase—are out of reach for our working families whose income can't match our extremely high housing costs. As has been reported widely, including in the most recent CEDS Report, Hawaii's economy was pummeled during the pandemic and our recovery is not immediate. This bill establishes a platform through which our financial institutions can invest in affordable housing projects that will benefit our most vulnerable population and thus contribute to the economy's revival.

When housing is unattainable by our working families, everyone suffers. Our economy cannot thrive until all our families can live affordably with a home in which to raise their children and contribute to the prosperity of our communities. This bill is a big step in that direction.

We urge the committee to pass SB 764 SD1, HD2.

Thank you for the opportunity to testify.

**SB-764-HD-2**

Submitted on: 4/3/2023 7:59:46 PM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Christine Camp	Avalon Group	Support	Written Testimony Only

Comments:

April 3, 2023

Dear Chair Yamashita and members of the Finance Committee

Re: STRONG SUPPORT: Senate Bill 764, SD1, HD2 relating to affordable housing

Avalon Group develops affordable housing in Hawaii. SB 764 will allow banks to invest more than is currently allowed to increase the homes that can be built. Increasing the funds available for low-income housing is needed more than ever.

We also request that you consider shortening the review time by the DFI commissioner when the request for increase is made to help expedite the start of construction. We are in strong support of SB 764, SD1, HD2 and respectfully request your passage of this bill.

Aloha,

Christine Camp,

President and CEO



**HOUSE COMMITTEE ON FINANCE  
State Capitol, Room 329  
415 South Beretania Street  
3:00 PM**

**APRIL 4, 2023**

RE: SB 764 - RELATING TO AFFORDABLE HOUSING

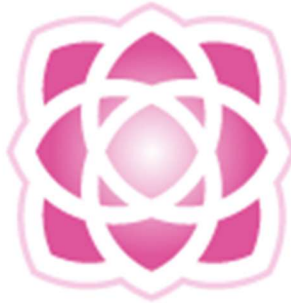
Chair Yamashita, Vice Chair Kitagawa, and members of the committee:

My name is Max Lindsey, 2023 Government Relations Committee Chair of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

**BIA-Hawaii is in support of SB 764 SD1 HD2. Relating to Affordable Housing.** This bill would allow a bank to invest, in aggregate, up to fifteen per cent of the bank's assets in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing residential properties with the approval of the commissioner of financial institutions, authorizes a bank to apply to the commissioner to invest up to twenty per cent of the bank's assets, and specifies the circumstances in which a bank may make an investment with an after-the-fact notice and when a bank must submit an investment proposal to the commissioner.

BIA-Hawaii is in support of any legislation which allows for more housing to be built. The state of Hawaii is in a dire housing crisis. As the Legislature is aware, the cost of housing in Hawaii is extremely high, with Oahu's median price of homes being currently over \$1 million. Approximately 153,967 U.S. households are priced out of buying a home for every \$1000 increase in price, according to the National Association of Home Builders (NAHB). We are in support of legislation that would allow for the building of much-needed housing at every price point in Hawaii.

Thank you for the opportunity to share our concerns.



# MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON  
FINANCE  
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308  
TUESDAY, APRIL 4, 2023 AT 3:00 P.M.

To The Honorable Kyle T. Yamashita, Chair  
The Honorable Lisa Kitagawa, Vice Chair  
Members of the Committee on Finance

### COMMENTS ON SB764 SD1 HD2 RELATING TO AFFORDABLE HOUSING

The Maui Chamber of Commerce would like to offer **comments on SB764 SD1 HD2** which allows a bank to invest, in aggregate, up to fifteen per cent of the bank's assets in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing residential properties with the approval of the commissioner of financial institutions; authorizes a bank to apply to the commissioner to invest up to twenty per cent of the bank's assets; and specifies the circumstances in which a bank may make an investment with an after-the-fact notice and when a bank must submit an investment proposal to the commissioner.

The Chamber supported the previous version of the bill that did not require approval of the Commissioner of Financial Institutions.

Attainable housing and rentals are a top priority for the Maui Chamber. We don't see the need or rationale for creating a bottleneck and providing so much discretion to 1 individual (Commissioner of Financial Institutions) and it seems contrary to the goal of this bill, which is to address our affordable housing and rentals crisis and getting more units built by having more investment partners.

Thank you for the opportunity to offer **COMMENTS SB764 SD1 HD2**. We respectfully request the Finance Committee **return the bill to the language in HD1 to help address affordable housing in a more expeditious manner.**

Sincerely,

Pamela Tumpap  
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

**SB-764-HD-2**

Submitted on: 4/3/2023 9:02:21 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Marlene DeCosta	Individual	Support	Written Testimony Only

Comments:

I am in support of SB764 SD1 HD2 as another tool to provide affordable housing. As a society, we should focus on action in addition to intent. This bill would do just that in increasing lending ability for LIHTC projects in Hawaii, which is so needed to provide supply in meeting the demand.

**SB-764-HD-2**

Submitted on: 4/4/2023 10:15:27 AM

Testimony for FIN on 4/4/2023 3:00:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Kanekawaiola Lindsey	Individual	Support	Written Testimony Only

Comments:

Aloha Chair Yamashita, Vice Chair Kitagawa, and committee members:

My name is Kanekawaiola Max Lindsey and I am testifying in my personal capacity in SUPPORT of SB764, SD1, HD2, which allows a bank to invest, in aggregate, up to fifteen per cent of the bank's assets in limited partnerships, limited liability partnerships, limited liability companies, and corporations formed to invest in affordable housing residential properties with the approval of the commissioner of financial institutions. Authorizes a bank to apply to the commissioner to invest up to twenty per cent of the bank's assets. Specifies the circumstances in which a bank may make an investment with an after-the-fact notice and when a bank must submit an investment proposal to the commissioner.

The Low-Income Housing Tax Credit (LIHTC) Program is a financing tool for private developers and non-profit entities to construct or rehabilitate affordable rental units. State law currently limits investment by local banks in LIHTC. This bill increases the LIHTC investment limit for local banks to a level already permitted by federal regulators, enabling more investment in LIHTC projects. LIHTC is the federal government's primary program for encouraging private investment in the development of affordable rental housing for low-income households.

LIHTC rental projects serve households at or below 60% of the Area Median Income (AMI). LIHTC developments have been completed across the State, providing low-income renters a safe, clean place to live with restricted rents by bedroom size and AMI layers determined by the federal Department of Housing and Urban Development (HUD). LIHTC also allows for low-income households opportunity to grow assets above the AMI layer at which they initially qualified, while still paying restricted rents, so that there is a potential to move up the housing opportunity ladder.

Local banks are nearing their cap on LIHTC investment under current State Law. Our local banks have been some of the largest contributors to LIHTC development in Hawaii. By allowing additional local bank investment up to 15% of assets or 20% with commissioner approval, more local resources can be committed to affordable housing with LIHTC.

Thank you for the opportunity to submit testimony.